

810-5-75-.21. TITLE PROCEDURE - First Lien or Security Interest Releases on Title. Reference: Sections 32-8-1 through 32-8-87, Code of Alabama 1975, as amended. (REPEALED)

~~(1) — First lienholder will execute a release of his security interest on the face of the title held by him (original signature must be signed on release - NO STAMP IS PERMITTED FOR VALIDATION), and forward to the Department. The Department will issue a new title listing no liens and the new title will be mailed to the owner. If there is a second lienholder shown on the title, first lienholder will mail or deliver the title to the second lienholder. Second lienholder will immediately cause the title to be mailed or delivered to the Department. The Department will issue a new title listing the second lienholder as first lienholder on the new title. The new title will be mailed to the first lienholder with memorandum copy to owner.~~

~~(2) Supporting Documents:~~

~~(a) Surrender outstanding title with lien properly released.~~

~~(b) Fee: No charge. (§32-8-3(a)(2))~~

810-5-75-.21 Title Procedure - Lien or Security Interest Releases and Continuous Perfection of Lien or Security Interests. (NEW RULE)

(1) This rule provides the procedures for executing lien releases for liens and security interests in motor vehicles and manufactured homes for which certificates of title are required. The rule also provides procedures for continuous perfection of a lien or security interest, otherwise subject to release, pursuant to Section 32-8-64.2, Code of Alabama 1975.

(2) A lienholder recorded on a certificate of title may release the lien or security interest in the area prescribed on the certificate of title by providing the following information:

(a) Legal name of lienholder,

(b) Original signature of authorized representative of lienholder, and

(c) Date of lien release.

(3) A lienholder recorded on a certificate of title may release the lien or security interest on form MVT 5-63. The MVT 5-63 must accompany the certificate of title or application for replacement certificate of title and shall contain the following information:

- (a) The legal name and address of the lienholder,
- (b) The complete vehicle identification number (VIN) or manufactured home identification number,
- (c) The name of the owner(s) with whom the lienholder held a security agreement.
- (d) Date of lien release, and
- (e) The notarized signature of an authorized representative of the recorded lienholder.

(4) A lienholder recorded on a certificate of title may release the lien or security interest by providing certain information on the lienholder's letterhead. This lien release must accompany the certificate of title or application for replacement certificate of title and shall contain the following information:

- (a) The lien release must identify the vehicle or manufactured home by complete vehicle identification number (VIN) or manufactured home identification number,
- (b) The lien release must provide the name of the owner(s) with whom the lienholder held a security agreement.
- (c) The lien release must state clearly that the lien has been released and show the date of release, and
- (d) The lien release must be signed by an authorized representative of the recorded lienholder.

(5) In the event that a lienholder recorded on a certificate of title is no longer in business and a replacement certificate of title is required, the following alternative method for evidencing the release of a lien or security interest may be used for a motor vehicle, other than a travel trailer or vehicle that weighs more than 12,000 pounds gross weight.

(a) Notarized affidavit from the owner referencing the VIN and attesting to the fact that the lien or security interest is satisfied and that the lienholder is no longer in business.

(b) Unopened envelope, accompanied by certified mail return receipt request, sent to lienholder's last known address, containing a letter requesting a release of lien or security interest.

(c) Evidence of satisfaction of the lien or security interest.

(6) Any lien or security interest shall be considered satisfied and a lien release shall not be required after 5 years from the date of the security agreement as recorded on the certificate of title for vehicles which are 12 or more model years old, other than a travel trailer or vehicle that weighs more than 12,000 pounds gross vehicle weight.

(a) If the lien or security interest release cannot be obtained as outlined in subsections 2 – 6 of this rule or the vehicle is a travel trailer or weighs more than 12,000 pounds gross vehicle weight, a surety bond shall be posted in accordance with Administrative Rule 810-5-75-.34 to obtain a certificate of title.

(7) Section 32-8-64.2, Code of Alabama 1975, provides for the automatic release of certain security interests and liens unless a second application to record the existence of a continuous security interest or lien is filed prior to the automatic release provision of the security interest or lien.

(a) In order to provide for the continuous perfection of a security interest or lien that would otherwise be satisfied pursuant to Section 32-8-64.2, Code of Alabama 1975, an application for a second title on which the security interest or lien is listed shall be submitted to a designated agent prior to the date the security interest or lien is automatically released. The application must be accompanied by the Alabama certificate of title and a notice of continuous lien perfection (form MVT 5-64) to extend the security interest or lien beyond the time period as provided in Section 32-8-64.2. The lien date on the notice of continuous lien perfection and the application shall be the date the notice of continuous lien perfection was executed. Otherwise, the security interest or lien shall be perfected as provided for by Section 32-8-61, Code of Alabama 1975.

Authority: Sections 40-2A-7(a)(5), 32-8-3(b)(2), 32-8-64, 32-8-64.2, 32-20-3(b)(2), and 32-20-44, Code of Alabama 1975

History: